



**Testimony on H.153, An act relating to Medicaid Reimbursement rates for home and community based service providers**

**Molly Dugan, Director of Policy and Strategic Initiatives, Cathedral Square**

**March 23, 2022**

Good morning Chair Lyons and members of the Senate Health and Welfare Committee. For the record my name is Molly Dugan and I am Director of Policy and Strategic Initiatives at Cathedral Square (previously statewide SASH Director). Cathedral Square was founded in 1977 and provides a broad array of housing, services, programs and initiatives to support people, regardless of their age, background or ability to pay to live and thrive in their communities. We are probably best known for developing, owning and managing high quality affordable independent housing for older adults and those with disabilities (over 1,000 apartments housing 1,255 Vermonters) as well as pioneering the statewide SASH model (just celebrated 10 years and has served over 10,000 people- which has been replicated in other states now. However, our reach is broader than that and we provide opportunities, resources and support along the entire continuum of living options. We operate a home modifications program for income-eligible older Vermont homeowners in 7 towns in Chittenden County to help them stay living independently in their single family homes (with a 1000+ people on the wait list for our apartments this is a hugely valuable program). On the other end of the continuum we operate two licensed Assisted Living communities – one in Williston and one in Burlington- **where 95% of the residents we house and care for are at Nursing Home Level of Care**. This part of our business is what brings us to testify on H.153.

**We fully support H.153 for these reasons:**

**First**, it provides a path for the Agency of Human Services to determine Medicaid rates that are reasonable and based on the true cost of providing care. We have done our best to estimate the true costs of providing care at our communities within this very complex regulatory payment model and compared it to the payment we receive from Medicaid. The analysis shows that over the past four years, what we receive from Medicaid covers an average of just 50% of the cost of care for our Assisted Living residents.

**Second**, it provides predictability in budgeting for our Assisted Living communities that rely so heavily on Medicaid as a payer- approximately **90% of the 43 residents living at our 2 Assisted Living communities are Medicaid recipients due to their low-income**. Our costs go up every year due to increases in pay, health insurance premiums, food, supplies, etc. and every year we advocate for some kind of increase- some years we have seen one (last year we got \$1.50/day increase for ACCS, and 3% for ERC) and other years there has been none. This leaves us with razor thin margins and excruciating decisions about how or if we can keep our doors open.

**Third**, getting to reasonable Medicaid rates and establishing a predictable rate schedule going forward that reflects annual costs adjustments will help us shore up our staffing levels. We struggled to have a full roster of highly qualified staff prior to the pandemic and have experienced unprecedented shortages over the past two years. In fact, even with a 3-5 year wait list for Assisted Living apartments at our downtown Burlington location we were forced to reduce our Assisted Living capacity by 20% over the past few years due to staffing level inadequacies.

Without the changes to rate methodology for home and community based providers in H.153 providers like Cathedral Square will be forced to continue to reduce capacity at a time when older Vermonters and those with disabilities need our housing and services more than ever.

Respectfully submitted,

Molly Dugan